



**Bill Position**  
**Board of Regents - University of Wisconsin System**  
**2009-10 Legislative Session**

**Senate Bill 409 / Assembly Bill 641**  
**Wisconsin "C.O.R.E." Jobs Act: Connecting Opportunity, Research, and Entrepreneurship**

**LEGISLATION**

(Lassa/Molepske) Relating to a postsecondary education tax credit for businesses; increasing annual limits on angel investment tax credits; awarding grants to the WiSys Technology Foundation, Inc.; business plan competitions and an emerging technology center in the University of Wisconsin System; rural outsourcing grants; requiring the Department of Commerce to award grants to a high-technology business development corporation and grants for converting manufacturing facilities; increasing funding for certain economic development programs; a pilot program providing microloans for the creation of new businesses; increasing funding for certain technical college training program grants; providing an exemption from emergency rule procedures; granting rulemaking authority; and making appropriations.

Major provisions of interest to UW System include:

- create a business plan competition program for comprehensive campuses, to help make entrepreneurial expertise available to students statewide;
- development of an emerging technology center at the UW-La Crosse;
- funding to WiSys for the Wisconsin Small Company Advancement Program to provide grants for intellectual property management services;
- a postsecondary education tax credit for businesses that pay tuition for certain employees.

**UW SYSTEM POSITION**

**SUPPORT:** While the UW System is neutral on the portions of this bill not directly related to higher education, this comprehensive economic development package contains several provisions helpful to the UW System.

Together, these initiatives recognize the University's central role in supporting Wisconsin's long-term economic growth, consistent with UW System's efforts to increase the number of degree holders, improve and create jobs, and enhance communities, as outlined in the "Growth Agenda for Wisconsin."

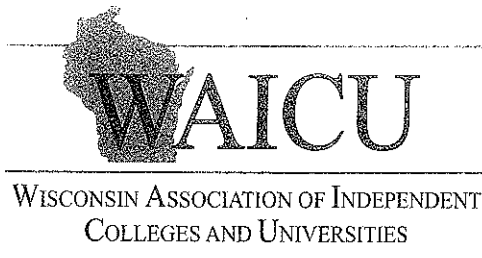
Several provisions are closely related to recommendations offered by UW System's "Research to Jobs" task force. Investments in programs like these will help further Wisconsin's economic development by leveraging academic research, entrepreneurship, and university/business partnerships across the state, and the University is currently working to prioritize and implement some of those recommendations. Ideally, State funds for new academic programs would be provided to the UW System and allocated by the Board of Regents, rather than designated for specific campuses in legislation.

Two provisions require the UW System to secure matching private gifts, which may be challenging in the current economic climate when institutions are already working to raise gifts for financial aid, building projects, and other academic priorities.

The Board has previously supported postsecondary education tax credits (in separate legislation), as one way to help more non-traditional working adults complete their college degrees.

As a whole, the higher education initiatives in the C.O.R.E. job package are consistent with UW's strategic goals, and support our efforts to help drive Wisconsin's economy.

ALVERNO COLLEGE  
BELOIT COLLEGE  
CARDINAL STRITCH UNIVERSITY  
CARROLL UNIVERSITY  
CARTHAGE COLLEGE  
CONCORDIA UNIVERSITY  
EDGEWOOD COLLEGE  
LAKELAND COLLEGE  
LAWRENCE UNIVERSITY  
MARIAN UNIVERSITY



MARQUETTE UNIVERSITY  
MILWAUKEE INSTITUTE OF ART & DESIGN  
MILWAUKEE SCHOOL OF ENGINEERING  
MOUNT MARY COLLEGE  
NORTHLAND COLLEGE  
RIPON COLLEGE  
ST. NORBERT COLLEGE  
SILVER LAKE COLLEGE  
VITERBO UNIVERSITY  
WISCONSIN LUTHERAN COLLEGE

## TESTIMONY

Submitted by

Paul Nelson, Senior Vice President for Public Policy  
Wisconsin Association of Independent Colleges and Universities

### On the Postsecondary Education Tax Credit Provisions in 2009 Assembly Bill 641 and Senate Bill 409

#### ASSEMBLY COMMITTEE ON JOBS, THE ECONOMY, AND SMALL BUSINESS

February 3, 2010

WAICU represents the 20 private, nonprofit colleges in the state of Wisconsin and their 59,000 students. WAICU is recognized in state statutes as the official organization of private colleges in this state (ss. 14.57, 15.377, 16.979, 38.50, 39.285, and 560.27). WAICU's president, Dr. Rolf Wegenke, is active in economic development issues through membership on the Wisconsin Technology Council and as chair of the Education Committee of Competitive Wisconsin.

My testimony is limited to commenting on the postsecondary Education Tax Credit provisions included in Assembly bill 641 and SB 409.

By WAICU's count this is the fourth biennium in which a postsecondary Education Tax Credit has been introduced, but the necessity for increasing support for educational opportunity has now reached a critical point. Now is the time to enact the Education Tax Credit.

In this session's version, we especially like the features of the credit that are targeted to low-income students who are also eligible for the Pell Grant, and for students enrolled in a course of instruction related to a workforce shortage area.

Dr. Wegenke often draws a parallel between the Education Tax Credit and the machinery and equipment (M&E) tax exemption. A study conducted years ago by what was then the Wisconsin Department of Development demonstrated that the M&E exemption stimulated growth of the manufacturing sector. We believe the Education Tax Credit will have a similar direct, positive impact on the growth of knowledge-based industries.

Wisconsin will continue to be a manufacturing state, but today's manufacturing is linked to the Knowledge Economy. QuadGraphics, for example, not only employs hundreds of printers who received their training at a Wisconsin technical college, but the company also employs hundreds of chemists and engineers, all of whom require advanced degrees. Those chemists and engineers would not be there without the printers on the shop floor, and the printers on the shop floor wouldn't be there without the

chemists and engineers. Part of the genius of the Education Tax Credit is that it recognizes the interdependence of our economy, and it does not pit one sector of postsecondary education against another.

It is important to emphasize that the postsecondary Education Tax Credit proposed in this legislation is available when an employer pays tuition for any individual. This is more than an employee training bill. This bill provides an incentive for the private sector to invest resources that will actually expand the number of people going to college in Wisconsin, and that includes students enrolled at technical colleges and EAB-approved schools. The credit provides incentives for employers to directly contribute to the development not only of their current workforce, but of our state's future workforce.

**Assembly Committee on  
Jobs, the Economy and Small Business**

**Public Hearing  
Wednesday, February 3, 2010  
1:00 p.m.  
328 Northwest, State Capitol**

**Testimony on AB 641/SB 409 by:  
Robert Jones, Public Policy Director  
Wisconsin Community Action Program Association (WISCAP)**

**Good afternoon. Thank you for the opportunity to testify today.**

**My name is Bob Jones. I am the Public Policy Director for the Wisconsin Community Action Program Association (WISCAP). WISCAP is the statewide trade association for Wisconsin's sixteen Community Action Agencies and three special-purpose agencies – the Coalition of Wisconsin Aging Groups, the Foundation for Rural Housing and United Migrant Opportunities Services (UMOS) – with statewide anti-poverty missions. Community Action Agencies are private, not-for-profit, locally-controlled organizations which provide services to help low-income families become economically self-sufficient and to grow the communities in which they reside.**

**We are here to testify in support of SB 409, the C.O.R.E. legislation, as it has been passed by the State Senate and ask that AB 641 pass the Assembly in a similar manner. Specifically, SB 409, as amended, includes \$250,000 in funding for the Community Action Skills Enhancement Program, which helps low-income workers move to living wage jobs with access to employer-sponsored health care. It does this by assisting with tuition/fees, as well as transportation and other supportive costs so that program participants can afford to attend classes while holding on to one or two low-paying jobs as they try to better themselves in order to support their families.**

**The Community Action Skills Enhancement Program has had outstanding success doing this. Eleven projects were initially funded as a pilot by the state Department of Workforce Development with federal funds for a twenty month period. During this time –**

between November 2005 and June 2007 – 100 people successfully graduated from the program. Their average annual income rose by nearly \$10,000 and, collectively, the increase was over \$1 million a year! 70% of the graduates now have access to employer-sponsored health care, versus 17% for the same individuals when they entered the program, an increase of more than 400%.

Currently, all 16 CAAs and UMOs are operating a reduced Skills program through a federal grant of \$263,000 from the U.S. Department of Labor which is scheduled to expire in July of 2010. The current program (at 17 agencies) has had 38 graduates who average \$2.60/hour and over \$8,600/year in higher wages. This initial group of graduates from the DoL grant are receiving increased earnings in a single year equivalent to the entire investment to date for ALL clients – in one year! The same was true of the initial pilot program. And, as I'm sure the Committee is aware, an investment in education reaps decades of increased earnings many times the investment ... and it also increases tax revenues, while reducing utilization of government assistance programs.

The funding in SB 409 will allow continuation and expansion of this effort. It will also allow us to claim an additional \$125,000 in matching federal funds from the Food Stamp Employment and Training Program, bringing additional funds into Wisconsin and making maximum use of the state dollars.

The success of the Skills Enhancement Program at moving low-income workers into living wage jobs is consistent with the thrust of the C.O.R.E. legislation as an effective and critical investment in our state's individuals and communities. It is also critical, we would suggest, to honoring one of our society's most crucial covenants: individuals should work for a living and, in turn, society should do all it can to make sure that 40 hours of work means self-sufficiency.

Thank you very much for your time. I would now like to introduce Ms. Nicole Harrison, Vice President & Director of Human Development for CAP Services, Inc., the CAA that first developed the Skills program at the local level.

**Assembly Committee on  
Jobs, the Economy and Small Business  
Public Hearing  
Wednesday, February 3, 2010  
1:00 p.m.  
328 Northwest, State Capitol**

**Testimony on  
CAP Services, Inc.  
Skills Enhancement Program**

**Nicole Harrison, Vice President and Director of Human Development**

Good afternoon! CAP Services is the locally designated community action agency for five counties in the Central Wisconsin area, which include Outagamie, Waupaca, Waushara, Portage and Marquette. Operating since 1966, the mission of the agency is to bring about a permanent increase in the ability of low-income individuals to become economically and emotionally self-sufficient. As has been mentioned, a key to that is the ability to obtain and hold a living wage job. And that takes skills. CAP Services' Skills Enhancement Program began in Outagamie County in 1991 as a response to the growing number of working poor living in central Wisconsin. The program was designed to promote economic and emotional self-sufficiency, by providing not only access to financial resources to pursue training, but also emotional support to address barriers and connect to community resources to ensure long-term success. From the beginning, it has been a public-private partnership, and that continues today. Success of the program in Outagamie led to expansion to Portage County in 1997, and Waupaca and Waushara counties in 2000 at the request of county TANF administrators. At this time, CAP's 4-county service area is able to serve a total of 240 low-income residents at any given time; 336 individuals received services in 2009.

The Skills Enhancement Program has a long-standing track record of helping the area's working poor achieve permanent self-sufficiency. Since 1991, 585 participants have completed their training plans and increased their annual earnings by an average of over \$10,000 each. The direct economic impact to Central Wisconsin of the graduates from CAP's Skills Enhancement Program from 2000-2009 is conservatively estimated at \$21.6 million!

Even in the current economic climate, the program continues to see success. The 52 graduates in 2009 secured new jobs with an average annual salary increase of \$11,830. In addition, 73% of graduates now have access to employer-sponsored health insurance benefits.

CAP Services on average provided \$2,160 per participant in direct assistance (tuition, books, fees, childcare, mileage). In each of the last five years, the Skills Enhancement Program has consistently achieved over a 100% Return on Investment (ROI) annually! The program is a win-win-win. It improves the economic situation for families, brings a higher level of income into the local community, and increases the skill level of the workforce.

# SKILLS ENHANCEMENT PROGRAM GRADUATIONS ECONOMIC IMPACT ON CENTRAL WISCONSIN DUE TO INCREASED WAGES OF SKILLS GRADUATES

YEAR	NUMBER GRADUATING	AVERAGE INCREASE IN ANNUAL EARNED INCOME****	TOTAL INCREASE IN EARNED INCOME FOR ALL GRADUATES FOR CALENDAR YEAR	TOTAL CUMULATIVE INCREASE IN EARNED INCOME OF ALL GRADUATES, ESTIMATED SINCE Y2000**
1993-1997	62	\$7,838	\$485,956	
1998	20	\$9,184	\$183,680	
1999	16	\$9,041	\$144,656	
2000*	52	\$7,802	\$405,716	\$3,448,586.00
2001*	56	\$8,646	\$484,176	\$3,703,946.40
2002*	55	\$8,256	\$454,080	\$3,087,744.00
2003*	33	\$11,064	\$365,112	\$2,172,416.40
2004*	16	\$13,904	\$222,464	\$1,134,566.40
2005*	39	\$14,669	\$572,091	\$2,431,386.75
2006*	75	\$11,400	\$855,000	\$2,907,000.00
2007*	59	\$11,458	\$676,022	\$1,723,856.10
2008*	50	\$12,075	\$603,750	\$1,026,375.00
2009*	52	\$11,829	\$615,129	\$615,128.80
TOTAL GRADUATES SINCE PROGRAM START:	585			
CUMULATIVE IMPACT TO LOCAL ECONOMY SINCE Y2000:				\$21,635,877.05***

DATA FOR: Last Five Years All Counties:	291	\$12,180
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\* Years 2000 and beyond include graduates for all counties served. Prior to Y2000, program was offered in Fox Cities only.

\*\* These figures were arrived at by an assumption that at least 85% of our graduates have stayed in the workforce, and have maintained the same wage that they reported upon graduation. We know anecdotally that many of our graduates continue their education and continue to increase their wages on a regular basis after leaving the program, but need to collect more data for statistical significance.

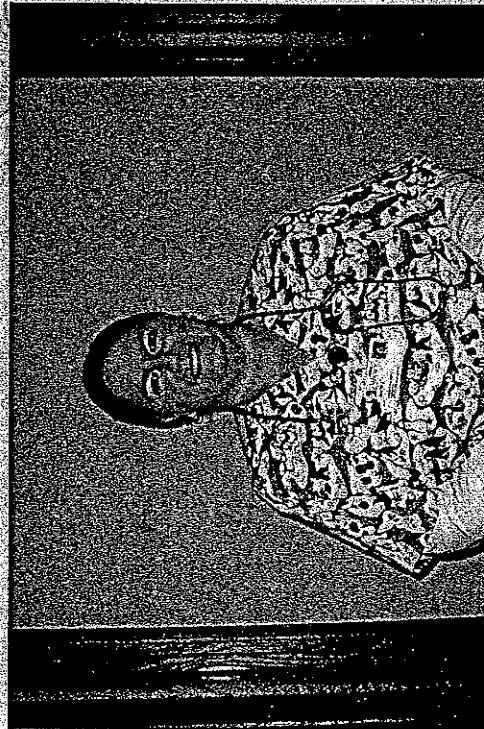
\*\*\* This \$21.6 million + estimate is highly conservative. Many studies projecting total economic impact on a community of increased earned income routinely use a multiplier of 1.45 to 1.65 to calculate the ripple effect of increased spending in the community's of low-to-moderate-income households. Using a 1.45 (LOW-END) multiplier would increase this total community impact to over \$31 million since Y2000.

\*\*\*\* Additionally, this estimation does not take into account the very real effect of households being able to end any reliance on public assistance by earning a living wage for their families. More comprehensive data needs to be collected to project this additional positive economic impact on Central WI that Skills has accomplished.



### *Joelle's Story*

Joelle Jahner is a single mother with two children living in Appleton. Before participating in the Skills Enhancement Program, Joelle was working as an at-home daycare provider and earning \$7.60 an hour approximately 50 hours per week. Her family received medical assistance and food stamps. With the help of the Skills Enhancement Program through CAP Services, Joelle enrolled at Fox Valley Technical College and earned a Medical Assistant degree. Joelle now earns \$12.31 an hour as a Medical Assistant at Affinity Medical Group. She no longer needs any county assistance and has raised her annual income



significantly. Joelle is very thankful for the support she received from the Skills Program, as it provided her with the motivation and desire to achieve her goals. She is continuing her education and working toward a Registered Nursing degree.

*CAP Services Skills Program has had over 100% annual ROI, each of the past five years!*

### *Brenda's Story*

Brenda Larson came to CAP Services for help with continuing her education after an unexpected divorce. She was working part-time, going to school part-time, and helping to take care of her step-son. The divorce was very costly and stressful and Brenda feared she would have to drop out of school. She wasn't able to qualify for grants because her ex-husband's income would have been included for that year. She had been an A student, which made the prospect of not continuing her education an even bigger disappointment.



CAP Service's Skills Enhancement Program became Brenda's lifeline and helped her financially and emotionally. She became a full-time student to finish faster, and she graduated summa cum laude! Brenda even had a job offer before graduation. Now working for Kimberly-Clark Corporation, she gives back to CAP Services and the community by volunteering and helping others. Brenda has more than doubled her income and has benefits that were never available before, including health insurance and a retirement plan.

*The Skills Enhancement Program is 93% privately funded. It aims to get people off of government aid and leads to a lifetime of self-sufficiency.*



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## **STATEMENT OF ENDORSEMENT**

**Date:** February 3, 2010

**To:** Wisconsin Assembly Jobs, Economy & Small Business Committee

**Ref.:** C.O.R.E. Legislation - Chaired by Senator Julie Lassa

I have been asked on behalf of CAP Services to endorse the Skills Enhancement Program. I do this gladly since our company and I personally have funded Skills for many years. We support the program because it has one of the highest returns on investment of any charitable gift that we give.

Finding qualified employees is a major task of our business and every business in our State. I believe the Skills Enhancement Program expands that pool, directs participants into job choices that provide longer-term opportunities and reinforces positive behaviors.

The program participants, who are well screened, are highly motivated. Because of their life circumstances, Skill's participants are often working in jobs well below their potential. With proper counseling, mentoring and targeted resources, these individuals have worked their way out of fragile employment situations to more stable work lives.

In many cases, they have trained for and filled positions that Wisconsin employers have difficulty filling. Besides of the quantum leap in annual income (often \$11,000 per year per participant and often including healthcare benefits), Skill's graduates have opened up another work position for someone to enter steady employment and begin to earn their way to self sufficiency.

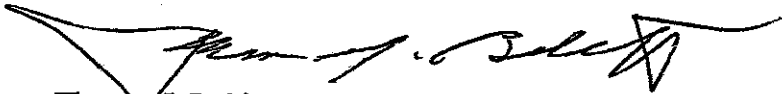
The stories we have heard of project successes are more than touching. They are an example of individuals who have taken charge of their lives. These participants want to work, succeed and realize the promise of the American dream!

Beyond their individual accomplishments, and because the vast majority of the participants are working mothers, their improved employment prospects have stabilized their family lives by earning higher income based on achievement through education. In their determination, they have served as outstanding roles for their children who might question the value of studying. Skill's successes show that hard work in school is a path to success.

Another aspect of the CAP Skills Enhancement Program, that I find particularly helpful, is that it has been financed extensively from private individuals and corporations. When public money has been available, the velocity of those dollars has created enviable results.

Therefore, I strongly endorse Cap Services Skills Enhancement Program. I believe it can be another positive signal to our citizens that government can work effectively with the private sector to produce meaningful results in job creation and economic development. This program is a winner!

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Boldt", with a stylized flourish at the end.

Thomas J. Boldt, CEO  
The Boldt Company